

CONSULTATION PAPER

(CP-06-2025)



SUBJECT: CONSULTATION PAPER ON THE APPLICATION OF THE LAW PROVIDING FOR THE ESTABLISHMENT AND OPERATION OF CYPRIOT COMPANIES FOR THE ADMINISTRATION OF UNDERTAKINGS FOR COLLECTIVE INVESTMENTS

DATE OF ISSUE: 23rd DECEMBER 2025

PURPOSE OF THIS CONSULTATION PAPER

This Consultation Paper helps enact effective consultation procedures with market participants and investors regarding proposed changes in the Cyprus Securities and Exchange Commission's (the 'CySEC') policy.

IMPORTANT WARNING

The submission of responses should be made no later than **30th January 2026**. No extension will be granted on an individual basis. Therefore, unless CySEC extends the submission period with a formal announcement, any responses received after the above date **will not be considered**.

INSTRUCTIONS FOR THE SUBMISSION OF RESPONSES

Interested parties may submit their responses to the CySEC Policy Department by email at policy@cysec.gov.cy.

The subject of the email should have the following form:

«CP-06-2025 – [insert the *Name of Organisation, Legal or Natural Person submitting the comments or views*]»

In submitting your responses, you are requested to state whether you represent an organised group or a specific enterprise, or if you are an individual. In the case of organised groups, you are kindly requested to provide information on the number and nature of persons or enterprises you represent.

Please answer the questions in the order presented in this document be concise and provide your replies in a Word document.

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1. INTRODUCTION

1.1. PURPOSE OF THIS CONSULTATION PAPER

1.1.1. Further to the application of the Law providing for the Establishment and Operation of Cypriot Companies for the Administration of Undertakings for Collective Investments and Related Matters (**'L.101(I)/2025'**)¹, the Cyprus Securities and Exchange Commission (**'CySEC'**) has published this Consultation Paper (**'CP'**) to seek for the stakeholders' views in respect of the following matters:

- i. The fees and charges applicable to the Cypriot Companies for the Administration of Undertakings for Collective Investments under L.101(I)/2025 (**'CCAUCI'**); and
- ii. Certain reportable *'material changes'* within the meaning of certain provisions of the L.101(I)/2025.

1.1.2. A brief description of the discretionary powers vested in CySEC, in its capacity as the National Competent Authority (**'NCA'**) for the licensing and supervision of CCAUCIs, as well as the CySEC's opinion and action(s) thereupon is also provided.

1.2. WHO THIS CONCERNS

1.2.1. This CP concerns the entities falling under the scope of L.101(I)/2025, which shall govern those entities that operate in or from Cyprus and perform on behalf of undertakings for collective investments (**'UCI'** of **'Investment Fund'**)² any of the functions listed in Annex I, Parts I-VII of the L.101(I)/2025 (**'UCI Administration Functions'**)³.

¹ L.101(I)/2025 is available [here](#).

² A UCI or an Investment Fund will be either an undertaking for collective investment in transferable securities, within the meaning of the Open-Ended Undertakings for Collective Investment (UCI) Law, L.78(I)/2012 (**'UCITS'**) or an alternative investment fund, within the meaning of the Alternative Investment Fund Managers Law, L.56(I)/2013 (**'AIF'** and **'AIFM Law'** respectively). For the avoidance of doubt, it is clarified that the term AIF, includes: 1) AIFs of the Republic within the meaning of AIFM Law, EU AIFs within the meaning of the AIFM Law and 3) any fund domiciled in a third country, which shall be considered as a third country AIF irrespective of its investment strategy.

³ Article 2 of the L.101(I)/2025.

1.2.2. L.101(I)/2025 presupposes a delegation mandate for the performance of UCI Administration Functions.⁴ UCI Administration Functions in or from Cyprus may be performed only in accordance with L.101(I)/2025.

1.2.3. L.101(1)/2025 does not apply to:

- i. UCITS Management Companies of the Republic when performing UCI Administration Functions in or from Cyprus pursuant to a relevant delegation arrangement.
- ii. Alternative Investment Fund Managers (**AIFMs**) of the Republic, including AIFMs falling under subsection (2) of section 4 of the AIFM Law, in relation to the performance of UCI Administration Functions from or in the Republic following a relevant delegation by a client in accordance with the applicable delegation legislation; and
- iii. To persons who, during their professional activities, provide valuation services, provided that the persons do not perform any UCI administration functions.

2. **BACKGROUND INFORMATION AND GENERAL OVERVIEW**

2.1. CySEC is the NCA for the licensing and supervision of CCAUCIs. Only Cyprus companies with a registered office in the Republic can obtain the status of a CCAUCI.⁵

2.2. The duly completed application form, in order to obtain an authorisation to operate as a CCAUCI, along with the relevant additional information should be submitted by the applicant to CySEC, in accordance with the applicable authorisation procedures⁶. CySEC

⁴ Article 3 of the L.101(I)/2025.

⁵ Articles 5(1) and 6(4) of the L.101(I)/2025.

⁶ Please consult CySEC's relevant circulars. You may contact the CySEC Authorisations' Department at authorisations@cysec.gov.cy

will hold a public register with all CCAUCIs.⁷ The relevant application forms will be published on CySEC's website.

- 2.3. The Board of Directors ('**BoD**') of the CCAUCI must have at least two executive Directors of sufficient good repute and necessary skills, knowledge and expertise for performing their assigned responsibilities and duties.⁸ A CCAUCI must notify to CySEC any change to the composition of the BoD.⁹
- 2.4. A CCAUCI must hold a minimum amount of own funds and a professional indemnity insurance.¹⁰
- 2.5. The establishment of an independent regulatory compliance function is mandatory for a CCAUCI.¹¹ The regulatory compliance officer so appointed must also monitor for potential abusive practices in respect of transactions in UCI units (e.g. market timing/late trading). A CCAUCI is also by default an obliged entity¹², within the meaning of L.188(I)/2007 on the Prevention and Suppression of Money Laundering and Terrorist Financing Law as in force ('**AML/CFT Law**'), as it will be subjected to CySEC's supervision. The capacity of a CCAUCI as an obliged entity, within the meaning of the AML/CFT Law, renders the establishment of an in-house AML/CFT compliance function mandatory. However, the functions of regulatory compliance and of AML/CFT compliance, may be performed by the same person, subject to proportionality considerations.

⁷Article 6(3) of the L.101(I)/2025.

⁸Article 11(2) - (4) of the L.101(I)/2025.

⁹Article 11 (12) of the L.101(I)/2025.

¹⁰Article 17 (1) and (2) of the L.101(I)/2025.

¹¹Article 19(3) of the L.101(I)/2025.

¹²Articles 58 and 59 of the AML/CFT Law.

- 2.6. L.101(I)/2025 also provides for the prevention and/or management of conflicts of interests, the outsourcing arrangements and includes general and specific rules as regards the exercise of UCI Administration Functions.

3. **CySEC'S DISCRETIONARY POWERS TO ELABORATE FURTHER ON CERTAIN PROVISIONS UNDER L.101(I)/2025**

- 3.1. L.101(I)/2025 provides for CySEC's discretion to further elaborate on the below provisions:

- i. Article 9 (4) – Revocation of Authorisation;
- ii. Article 10 (10) - Suspension of Authorisation;
- iii. Article 18 (21) – General Organisational Requirements;
- iv. Article 20 (3) – Contract for the performance of administration functions;
- v. Article 23(5) - Conflicts of Interest;
- vi. Article 24(5) – Delegation of administration functions by a CCAUCI;
- vii. Article 25 (4) - General rules for the exercise of activities; and
- viii. Article 30(4) – Ancillary function of holding investor money.

- 3.2. L.101(I)/2025 already includes extensive provisions governing the aforesaid areas. To this end, no further elaboration will be provided at the moment. CySEC will monitor the implementation of the existing provisions and where it is deemed necessary, further action(s) may be undertaken.

4. **FEES AND CHARGES AND CERTAIN REPORTABLE 'MATERIAL CHANGES'**

4.1 **PROPOSED FEES AND CHARGES:**

- 4.1.1 The below table outlines the fees and charges proposed by CySEC:

1.	Application for the performance of UCI Administration Functions in relation to UCITS of the Republic in	€500 for each function of Part I of Annex I of L.101(I)/2025.
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	accordance with the UCI Law ¹³ (Part I of Annex I of L.101(I)/2025).	
2.	Application for the performance of UCI Administration Functions in relation to UCITS of the European Union (excluding UCITS of the Republic) in accordance with the laws of a Member State transposing UCITSD ¹⁴ (Part II of Annex I of L.101(I)/2025).	€500 for each function of Part II of Annex I of L.101(I)/2025.
3.	Application for the performance of UCI Administration Functions in relation to AIFs managed by AIFMs authorised under the AIFM Law ¹⁵ (Part III of Annex I of L.101(I)/2025).	€500 for each function of Part III of Annex I of L.101(I)/2025.
4.	Application for the performance of UCI Administration Functions in relation to AIFs managed by AIFMs authorised under the laws of a Member State (other than the Republic) transposing the AIFMD ¹⁶ (Part IV of Annex I of L.101(I)/2025).	€500 for each function of Part IV of Annex I of L.101(I)/2025.
5.	Application for the performance of UCI Administration Functions in relation to AIFs falling under the provisions of the AIF Law ¹⁷ (Part V of Annex I of L.101(I)/2025).	€500 for each function of Part V of Annex I of L.101(I)/2025.

¹³ The Open-Ended Undertakings for Collective Investment (UCI) Law (L.78(I)/2012).

¹⁴ Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

¹⁵ The Alternative Investment Fund Managers Law (L.56(I)/2013).

¹⁶ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

¹⁷ The Alternative Investments Funds Law of 2018 (L. 124(I)/2018) - This will apply to subthreshold self-managed AIFs, operating under AIF Law and to UCITS Management Company managing sub-thresholds AIFs in accordance with AIF Law.

6.	Application for the performance of UCI Administration Functions in relation to AIFs managed by an entity falling under the Small AIFM Law ¹⁸ (Part VI of Annex I of L.101(I)/2025).	€500 for each function of Part VI of Annex I of L.101(I)/2025.
7.	Application for the performance of UCI Administration Functions in any other case not falling under the cases referred to Tables 3-6 herein above (Part VII of Annex I of L.101(I)/2025).	€500 for each function of Part VI of Annex I of L.101(I)/2025.

4.1.2 Fees and charges for the provision of Ancillary Function:

1.	Application for the performance of the ancillary function of holding investors' money. ¹⁹ (Note: This is the only ancillary function provided by the L.101(I)/2025 – a Fund Administrator license cannot be granted solely for the performance of the ancillary function).	€10.000
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4.1.3 Fees and charges for the extension of the license of a CCAUCI:

1.	Application for the extension of the license of a CCAUCI (i.e. to perform additional UCI Administration Functions).	The corresponding fee applicable per UCI Administration Function, as outlined in paragraph 4.1.1 herein above.
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4.1.4 Fees and charges for the notifications, including notifications of material changes to CySEC:

1.	Notification for any change to the information submitted for the BoD	€2.000 per change notified.
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¹⁸ The Small Alternative Investment Fund Managers Law of 2020 (L81(I)/2020).

¹⁹ Annex II of L.101(I)/2025.

	of the CCAUCI as well as any changes to the membership of the BoD of the CCAUCI (Article 11(12) of L. 101(I)/2025).	
2.	Notification for any change to the information submitted for members of the Senior Management of the CCAUCI (Article 22(3) and 22(8) of L.101(I)/2025).	€1.000 per change notified.
3.	Notification for any change to persons holding qualifying holdings (Article 14 of L.101(I)/2025).	€2.000 per change notified.
4.	Notification for any material change to the Model Operational Memorandum of the CCAUCI, as elaborated in Section 4.2.1 herein below (Article 22(3) in relation to Article 8(2)(f) and 8(2)(g) of L.101(I)/2025).	€200 per material change notified with a maximum limit of €1.000 per notification, excluding licence extension cases. ²⁰
5.	Notification for a change to the provider of the indemnity insurance or to a substantial terms of the indemnity insurance signed by the CCAUCI (Article 22(3) and 22(8) of L.101(I)/2025).	€200 per material change notified with a maximum limit of €1.000 per notification, excluding licence extension cases. ²¹
6.	Notification for any decrease to CCAUCI own funds below the minimum required level (Article 22(3) and 22(8) of L.101(I)/2025).	€1.000 per notification.
7.	Notification for any change to the address of the CCAUCI (Article 22(3) in relation to Article 6(4) of L.101(I)/2025).	€100 per notification.
8.	Outsourcing notification (Article 24(3) of L.101(I)/2025)	€1.000 per notification.
9.	Notification for any material change to the outsourcing arrangements of the CCAUCI (Article 22(3) in relation to Article 18(10) (a) and (b) of L. 101(I)/2025).	€200 per material change notified with a maximum limit of €1.000 per notification.

²⁰ Material changes in relation to this item that arise from licence extension will be covered by the licence extension fee.

²¹ Material changes in relation to this item that arise from license extension will be covered by the license extension fee.

10.	Notification of any other material change in the conditions of the authorisation ²² (Article 22(3) and/or Article 22(8) of L.101(I)/2025).	€200 per material change notified with a maximum limit of €1.000 per notification.
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In case of notifying several material changes concerning the requirements for granting a license, which emanate from the same event, the maximum fee charged for the material changes being notified will not exceed €2.000.

4.1.5 Annual Fees:

1.	Annual fee for the performance of UCI Administration Functions in relation to UCITS of the Republic in accordance with the UCI Law ²³ (Part I of Annex I of L.101(I)/2025).	€600 for each function of Part I of Annex I of L.101(I)/2025 due by 30 th of December, each year.
2.	Annual fee for the performance of UCI Administration Functions in relation to UCITS of the European Union (excluding UCITS of the Republic) in accordance with the laws of a Member State transposing UCITSD ²⁴ (Part II of Annex I of L.101(I)/2025).	€600 for each function of Part II of Annex I of L.101(I)/2025 due by 31 st December, each year.
3.	Annual fee for the performance of UCI Administration Functions in relation to AIFs managed by AIFMs authorised under the AIFM Law ²⁵ (Part III of Annex I of L.101(I)/2025).	€600 for each function of Part III of Annex I of L.101(I)/2025 due by 31 st December, each year.
4.	Annual fee for the performance of UCI Administration Functions in relation to AIFs managed by AIFMs authorised under the laws of a Member State (other than the	€600 for each function of Part IV of Annex I of L.101(I)/2025 due by 31 st December, each year.

²² E.g. cessation of the performance of administration function(s), changes in relation to the persons holding qualifying holdings, the persons managing the operations of the CCAUCI and the senior management of the CCAUCI, affecting their fitness and probity etc.

²³ The Open-Ended Undertakings for Collective Investment (UCI) Law (L.78(I)/2012).

²⁴ Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

²⁵ The Alternative Investment Fund Managers Law (L.56(I)/2013).

	Republic) transposing the AIFMD ²⁶ (Part IV of Annex I of L.101(I)/2025).	
5.	Annual fee for the performance of UCI Administration Functions in relation to AIFs falling under the provisions of the AIF Law ²⁷ (Part V of Annex I of L.101(I)/2025).	€600 for each function of Part V of Annex I of L.101(I)/2025 due by 31 st December, each year
6.	Annual fee for the performance of UCI Administration Functions in relation to AIFs managed by an entity falling under the Small AIFM Law ²⁸ (Part VI of Annex I of L.101(I)/2025).	€600 for each function of Part VI of Annex I of L.101(I)/2025 due by 31 st December, each year.
7.	Annual fee for the performance of UCI Administration Functions in any other case not falling under the cases referred to Tables 3-6 herein above (Part VII of Annex I of L.101(I)/2025).	€600 for each function of Part VI of Annex I of L.101(I)/2025 due by 31 st December, each year.
8.	Annual fee for the performance of the ancillary function of the holding investors' money. (Note: This is the only ancillary function provided by Annex II of L.101(I)/2025 – a Fund Administrator license cannot be granted solely for the performance of the ancillary function).	€10.000 due by 31 st December, each year.
9.	For the avoidance of doubt, in cases of granting or withdrawing the authorisation during the year, the annual fee is paid in proportion to the time-period for which the CCAUCI hold the authorisation, a time-period which includes the month in which the authorisation was granted and the month in which the authorisation was withdrawn.	

²⁶ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

²⁷ The Alternative Investments Funds Law of 2018 (L. 124(I)/2018) - This will apply to subthreshold self-managed AIFs, operating under AIF Law and to UCITS Management Company managing sub-thresholds AIFs in accordance with AIF Law.

²⁸ The Small Alternative Investment Fund Managers Law of 2020 (L81(I)/2020).

4.2 ELABORATION AND CLARIFICATION ON THE DEFINITION OF A ‘MATERIAL CHANGE’ IN CERTAIN CASES.

The elaboration on the term ‘*material changes*’ provided in this Section, concerns and pertains to points 4,5 and 9 of the table presented in paragraph 4.1.4 herein above ‘*Fees and charges for the notification of material changes to CySEC*’.

4.2.1 PARAGRAPH 4.1.4, POINT 4 – ‘MATERIAL CHANGE TO THE MODEL OPERATIONAL MEMORANDUM OF THE CCAUCI.

4.2.1.1 The Operational Memorandum under point 4 of paragraph 4.1.4 above, is a multilateral document, whose content is formed and agreed by the primary actors involved in the UCI’s operations (UCI, UCI manager, Depositary, Distributors, Administrator). It includes operational details on a step by step and day to day basis. For instance, it includes operational details in relation to centralisation of redemption-related information from the distribution network to the CCAUCI, in order for the latter to inform the fund manager about incoming redemption requests for liquidity management purposes; or how to transmit directly such information from the CCAUCI to the UCI manager; or communication by the UCI manager to the CCAUCI of valuations performed, in order for the latter to perform the NAV calculation; or how to communicate corporate events of the UCI to investors. Applicant CCAUCI are required to submit a model operational memorandum in the context of the authorisation procedure.

4.2.1.2 CySEC’s proposition is that material changes to the model Operational Memorandum under Article 8(2)(f) and 8(2)(g) shall include the following:

- i. Significant changes to the tasks assumed by the CCAUCI, including reallocation of tasks amongst the parties to the Operational Memorandum;**
- ii. Significant changes to the procedures agreed for the discharge of the CCAUCI’s operational tasks laid down in the Operational Memorandum, in particular changes to the escalation management procedures; and**

iii. Significant changes to the measures agreed for the prevention, mitigation or management of operational risks associated with the CCAUCI's tasks.

4.2.2 **PARAGRAPH 4.1.4, POINT 5 – ‘MATERIAL CHANGE TO THE PROVIDER OF THE INDEMNITY INSURANCE OR TO THE SUBSTANTIAL TERMS OF THE INDEMNITY INSURANCE SIGNED BY THE CCAUCI.**

4.2.2.1 CySEC's proposition is that a change to the particulars under Article 17(5) of the L.101(I)/2025, should be considered as a material change.

4.2.3 **PARAGRAPH 4.1.4, POINT 9 – ‘MATERIAL CHANGE TO THE OUTSOURCE ARRANGEMENTS OF THE CCAUCI.**

4.2.3.1 CySEC's proposition is that a change to the particulars under Article 24(3) of the L.101(I)/2025, should be considered as a material change.

5. QUESTIONS

Question 1:

Do you agree with the proposed application fees for the provision of UCI Administration Functions presented in paragraph 4.1.1 above?

Question 2:

Do you agree with the proposed application fees for the provision of Ancillary Function presented in paragraph 4.1.2 above?

Question 3:

Do you agree with the proposed fees for the extension of the license of a CCAUCI presented in paragraph 4.1.3 above?

Question 4:

Do you agree with the proposed fees for the submission of a notification to CySEC, as presented in paragraph 4.1.4 above?

Question 5:

Do you agree with the proposed annual fees presented in paragraph 4.1.5 above?

Question 6:

Do you agree with the elaboration of the definition of a '*material change to the model Operational Memorandum of the CCAUCI*' presented in paragraph 4.2.1 above?

Question 7:

Do you agree with the elaboration of the definition of a '*material change to the provider of the indemnity insurance or to the substantial terms of the indemnity insurance signed by the CCAUCI*' presented in paragraph 4.2.2 above?

Question 8:

Do you agree with the elaboration of the definition of a '*material change to the outsource arrangements of the CCAUCI*' presented in paragraph 4.2.3 above?
